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Ms. Marlene H. Dortch
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: WC Docket No. 04-313, CC Docket Nos. 01-338, 96-98 and 98-147

Dear Ms. Dortch:

I write to correct a significant factual error in a letter from Mr. Gary Phillips of SBC to you dated November 5, 2004 ("SBC Letter") that both misquotes me and takes one of my recent statements out of context.

SBC's Letter (n.34) states: "AT&T recently emphasized that . . . 80% of its enterprise services are offered exclusively over its own facilities." (emphasis in original) That statement, which is attributed to me, is false. The reported source for SBC's assertion is the transcript of AT&T's 3Q 2004 Earnings Conference Call at pages 6-7. See SBC Letter n.34. On that call, in responding to a reporter's question regarding AT&T's recent experience in the business market, I stated:

" . . . about 20% of our access lines in biz are UNI [sic], so most of our billed and local service is on-netting [sic]." (Thomson StreetEvents^(sm) Transcript of AT&T 3Q 2004 Earnings Conference Call at 6-7)

SBC's Letter misinterprets my words to draw an erroneous conclusion that 80% of AT&T's enterprise services are offered exclusively over AT&T's facilities. Indeed, my remarks did not refer at all to circumstances in which AT&T uses its own network facilities "exclusively" to serve enterprise customers. In fact, AT&T is only able to do so in a limited number of cases and under unique circumstances where a customer has very substantial service requirements, far above those for which UNEs would be available at the DS1 and limited DS3 capacity levels established in the *Triennial Review Order*. See AT&T Comments at 32-42; AT&T Reply at 23-39.

It is obvious from the above quotation that I made no statement at all about *either* "enterprise services" or services "offered exclusively over [AT&T's] own facilities," as SBC alleges. Neither of those terms appears in my remarks.

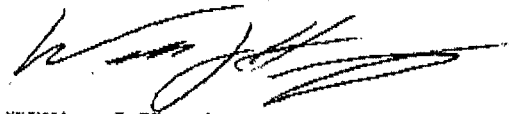
Second, my reference to "UNI" in response to the reporter's question regarding the third quarter performance was, in fact, a reference to AT&T's use of the *UNE-Platform* ("UNE-P") to serve business customers. It had nothing to do with AT&T's use of unbundled high capacity loops or transport UNEs in provisioning *enterprise* services, which SBC's letter recognizes is the relevant subject.

Third, my statement was intended to convey that about 20% of the *total business DSO line equivalents* that AT&T sold to business customers as of the end of the third quarter were provided using UNE-P; *i.e.*, using exclusively *ILEC-provided* UNEs.

Fourth, my reference to "on-netting" was common industry parlance that is used to refer to situations in which AT&T (or any competitive carrier) uses *any* of its own facilities to provide *any portion* of an end user retail service. Thus, the term "on-netting" includes cases in which AT&T uses ILEC loops and AT&T switching to provide a UNE-L serving arrangement, as well as those in which AT&T uses UNE loops and transport or special access (or some combination) together with AT&T-deployed network assets to provide a retail service to business customers.

In sum, SBC's assertion regarding AT&T's "exclusive" use of its own facilities to provide enterprise services is incorrect and unsubstantiated.

Respectfully submitted,



William J. Hannigan
President, AT&T